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THE IMPERIAL LIFE ASSURANCE COMPANY OF CANADA

ANNUAL REPORT FOR THE YEAR 1967

71ST ANNUAL MEETING





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NEW BUSINESS— <u>New policies</u> in the year showed a 45% increase over 1966 amounting to a record	- - - - -	\$ 406,527,235
FIRST-YEAR PREMIUMS in 1967 (excluding single premiums)	- - - - -	\$ 7,450,405
BUSINESS IN FORCE, end of year	- - - - -	\$2,440,631,076
BENEFIT PAYMENTS in year (including dividends to policyholders of \$6,745,125)	- - - - -	\$ 41,548,090
ASSETS, end of year	- - - - -	\$ 453,080,434
NET INTEREST RATE earned	- - - - -	6.02%

NEW BRANCHES—Expansion continued with five new branches opened in Great Britain and four new branches in California, U.S.A.

This is the 71st Annual Report of The Imperial Life Assurance Company of Canada, presented to the policyholders and shareholders at the Annual Meeting at the Home Office of the Company, 95 St. Clair Avenue West, Toronto, on Wednesday, March 20, 1968.

The Directors' Report, Balance Sheet, Revenue Statement, Auditors' Report, and the reports of members of the Management Committee appear on the following pages. Lists of the Board of Directors, Officers, and of the principal offices of the Company are also included for your convenient reference.

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A. Ross Poyntz, F.C.I.A.
Chairman of the Board and
Chief Executive Officer



G. Kingsley Fox, F.C.I.A.
President



Paul G. Desmarais
Vice-President and Chairman of the
Executive Committee of the Board



James S. P. Armstrong
London, England



John B. W. Carmichael
Toronto



William M. Currie
Toronto



Maurice Germain
Montreal



J. Douglas Gibson, O.B.E.
Toronto



William C. Harris
Toronto



Maxwell W. Mackenzie, C.M.G.
Montreal



Graham Morrow, O.B.E.
Toronto



Walter S. Owen, Q.C.
Vancouver



Jean Parisien, C.A.
Montreal



T. O. Peterson
Winnipeg



John G. Porteous, Q.C.
Montreal



Renault St-Laurent, Q.C.
Quebec



G. Harry Sheppard
Toronto



W. Dent Smith
Toronto



The Rt. Hon. Lord Thomson
of Fleet, London, England



Donald J. Wilkins
Toronto

BOARD OF DIRECTORS

ANNUAL REPORT OF THE DIRECTORS

THE IMPERIAL LIFE ASSURANCE COMPANY OF CANADA

Your Directors take pleasure in submitting their Report for the year ended December 31, 1967.

NEW BUSINESS. New policies in the year amounted to a record \$406,527,235, which included \$254,894,884 on individual lives and \$151,632,351 of group life insurance and annuities. These policies produced yearly premiums of \$5,073,068 on individual lives and \$2,377,337 from group coverages.

BUSINESS IN FORCE. The year ended with \$2,440,631,076 of life insurance in force, including \$789,121,472 of group life insurance and annuities in addition to health insurance contracts with yearly premiums of \$5,762,588.

INCOME. Premium income amounted to \$52,676,649 and net interest, dividends and rents to \$25,136,676 after deduction of all investment expenses.

BENEFIT PAYMENTS. Payments to policyholders and beneficiaries during 1967 aggregated \$41,548,090 including \$6,745,125 in dividends to the holders of participating policies. Death claims amounted to \$10,573,272.

ASSETS. The assets of the Company now amount to \$453,080,434. The net rate of interest earned in 1967 was 6.02%, compared to 5.96% in 1966.

INSURANCE AND ANNUITY LIABILITIES. The total of the reserves for insurance and annuity liabilities is \$336,897,585 which is greater than governmental requirements.

SURPLUS FUNDS. The successful operations in the year enabled the Company to provide another increase in the rate of dividends to policyholders, to add to the contingency and investment reserve, and also to have a substantial increase in surplus funds.

Several special projects added to the heavy work load imposed by the normal operations of the Company in 1967. All duties were willingly assumed and carefully performed. Sincere thanks are extended to the members of the staff for the gratifying results.

Toronto, Canada.
January 31, 1968.

On behalf of the Board,

A. ROSS POYNTZ

Chairman of the Board and Chief Executive Officer

THE IMPERIAL LIFE ASSURANCE COMPANY OF CANADA

Incorporated under the laws of Canada

BALANCE SHEET

ASSETS	December 31	
	1967	1966 (for comparison)
Bonds and debentures:		
Government - - - - -	\$ 64,399,329	\$ 57,839,205
Municipal - - - - -	20,812,154	23,602,657
Public utility, industrial and other bonds	82,718,888	76,947,723
Preferred and common stocks - - - - -	45,592,003	42,354,371
First mortgages on real estate - - - - -	180,106,469	182,477,867
Loans to policyholders, fully secured by the cash value of policies of this company	22,711,334	21,172,741
Real estate (at cost less amounts written off):		
Properties held for investment - - - - -	16,264,360	10,492,310
Home office and branch office premises - - - - -	9,561,461	6,752,917
Cash on hand and in banks - - - - -	2,169,045	1,053,349
Premiums in course of collection - - - - -	3,000,480	3,024,965
Accrued investment income - - - - -	4,002,819	4,012,646
Other assets - - - - -	1,742,092	1,089,432
	<hr/>	<hr/>
	\$453,080,434	\$430,820,183

On behalf of the Board

A. ROSS POYNTZ, *Chairman of the Board and Chief Executive Officer*

G. KINGSLEY FOX, *President*

PAUL G. DESMABAIS *Vice-President*



LIABILITIES

	December 31	
	1967	1966 (for comparison)
Present value of liabilities under assurance and annuity contracts - - - - -	\$336,897,585	\$321,314,179
Policy proceeds, dividends and other amounts on deposit - - - - -	42,672,027	40,758,368
Provision for dividends to policyholders - - - - -	7,160,000	6,775,000
Policy claims in course of settlement and provision for unreported claims - - - - -	6,117,870	4,912,275
Present value of liabilities under company retirement funds - - - - -	18,492,862	17,070,081
Taxes and other amounts due and accrued - - - - -	2,615,152	1,954,682
Building programme reserve - - - - -	—	1,690,726
Other liabilities and reserves - - - - -	814,613	650,521
	<hr/> \$414,770,109	<hr/> \$395,125,832

CAPITAL, CONTINGENCY RESERVE, AND SURPLUS

Capital Stock - - - - -	\$ 1,000,000	\$ 1,000,000
Shareholders' surplus - - - - -	996,694	970,508
Contingency and investment reserve - - - - -	8,750,000	8,250,000
Surplus funds - - - - -	27,563,631	25,473,843
	<hr/> \$ 38,310,325	<hr/> \$ 35,694,351
	<hr/> \$453,080,434	<hr/> \$430,820,183
	<hr/> <hr/>	<hr/> <hr/>

NOTE: Sterling currency items are converted into Canadian dollars at \$2.80. United States dollar items are converted at \$1.00. The effect of using current rates of exchange would produce the following results:

Assets reduced by - - - - -	\$3,740,802
Liabilities reduced by - - - - -	\$4,015,962
Surplus increased by - - - - -	\$ 275,160

THE IMPERIAL LIFE ASSURANCE COMPANY OF CANADA

REVENUE STATEMENT

	For the year	
	1967	1966 (for comparison)
REVENUE:		
Premiums - - - - -	\$52,676,649	\$48,995,628
Interest, dividends and rents after deduction of investment expenses - - - - -	25,136,676	23,727,525
Net profit on security transactions - - - - -	283,931	459,650
	\$78,097,256	\$73,182,803
 THIS REVENUE WAS USED FOR:		
Death claims - - - - -	\$10,573,272	\$ 8,905,167
Disability and health insurance claims - - - - -	3,924,656	3,207,682
Matured endowments - - - - -	5,547,918	4,674,075
Annuity benefits - - - - -	1,770,686	1,788,080
Voluntary termination benefits - - - - -	12,986,433	12,355,759
Addition to funds held for future payments to policyholders - - - - -	13,146,441	13,994,161
Amounts credited to funds on deposit and company retirement funds - - - - -	3,150,134	2,883,362
Commissions, branch office and agency expenses - - - - -	10,122,988	8,946,719
Operating expenses - - - - -	5,440,512	4,825,839
Taxes, licenses and fees - - - - -	1,258,117	882,000
Provision for building programme - - - - -		800,000
	\$67,921,157	\$63,262,844
Dividends paid and added provision for dividends to policyholders - - - - -	\$ 7,130,125	\$ 6,694,771
Dividends to shareholders - - - - -	430,000	395,000
Increase in shareholders' surplus - - - - -	26,186	22,915
Increase in contingency and investment reserve - - - - -	500,000	500,000
Increase in surplus funds - - - - -	2,089,788	2,307,273
	\$10,176,099	\$ 9,919,959
	\$78,097,256	\$73,182,803

AUDITORS' REPORT

To the Policyholders and Shareholders of
The Imperial Life Assurance Company of Canada

We have examined the balance sheet of The Imperial Life Assurance Company of Canada as at December 31, 1967 and the revenue statement for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

The liabilities under assurance, annuity and company retirement fund contracts are stated at the amounts certified by the company's Actuary. The bonds and stocks in the aggregate are shown at values less than those authorized by the Canadian and British Insurance Companies Act.

In our opinion, with the foregoing explanations, the accompanying balance sheet and revenue statement present fairly the financial position of the company as at December 31, 1967 and the results of its operations for the year then ended.

Toronto, Canada, January 24, 1968.

THORNE, GUNN, HELLIWELL & CHRISTENSON
Chartered Accountants

SUCCESSFUL OPERATIONS IN YEAR REPORTED BY COMPANY OFFICIALS



REPORT OF THE VICE-PRESIDENT AND GENERAL MANAGER FOR GREAT BRITAIN, C. T. HACKETT

Last year I reported that 1966 had been a very satisfactory year for the Company in Britain. Despite having had to operate in a national economic atmosphere which had been very unstable and discouraging, I predicted that the business recession was likely to widen and deepen in 1967 before we saw any sign of recovery. Unfortunately, this proved to be only too true. It is not necessary to elaborate on this theme because the world knows that Britain's situation today is even worse than it was twelve months ago and that the immediate future is bleak. However, it is a situation which must be seen in proper perspective. Although Britain has an overdraft of £3,000 million, we nevertheless have collateral to carry it to the tune of £12,000 million in foreign assets. If that is bankruptcy, most of us would gladly be bankrupt. We are still one of the wealthiest nations in the world, we still enjoy a high standard of living, and we are still an energetic, inventive, resourceful and skilful people. Our trouble is that we have been trying to do too much too soon, and at the moment we are divided, confused and frustrated. Britain impatiently awaits the emergence of dynamic leadership to rally and unite the country and lead us to the complete victory we know we can win in the battle for economic solvency and prosperity.

Although 1967 was therefore another bad year for Britain as a whole, The Imperial Life was able to maintain and even increase the rate of progress established in 1966. 8,119 new Ordinary Life policies were sold for premiums totalling £675,247 with sums assured of just under £34,000,000. As compared with 1966, we were 14.1% up in number of sales, 18.3% in new premiums and 19.8% in sums assured. Health insur-

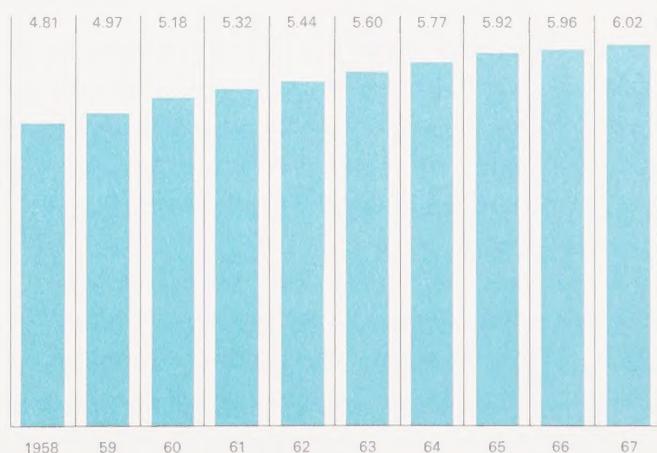
ance sales and premiums were approximately 6 1/2% ahead of 1966. Five new branch offices were opened during this year. A new London branch known as Middlesex Branch became operative on February 1, 1968, thus raising to eleven the number of new branches opened in the past two years.

In our investment operations the Company has made and will continue to make a very positive contribution to the solution of Britain's balance of trade difficulties by investing in carefully selected companies which already export a high proportion of their output or which appear to have great export potential. High interest rates continued to prevail in 1967, and we were able to invest new money at very satisfactory rates. There was an increase in policy loans which reflects the benefit which, in a period of severe credit restrictions, British policyholders have derived from the loan privilege in their policy contracts.

Further good progress was also made in overcoming the staff problems which caused us much concern prior to last year. The rapid expansion of our business has inevitably necessitated increasing staff numbers in all areas, but it should be recorded that there has been an increase in quality as well as quantity since we have been able to engage qualified people in the actuarial, legal, investment and business administration fields.

NET RATE OF INTEREST EARNED

Percent



The number of policies in force has been increasing by several thousand every year, and is now in excess of 53,000.



REPORT OF THE
AGENCY VICE-PRESIDENT,
M. R. HAMILTON

The production totals for the year 1967 resulted in the most outstanding year from a sales standpoint in the history of the Company, with total new effected premiums from all sources and areas of \$11,194,000. There were special annuity sales in Great Britain which produced \$1,916,000 in single premiums. Excluding these, the total from all sources was \$9,278,000, representing an increase of 15%.

Individual Life Insurance new premiums from the four areas in which we do business totalled \$4,890,000, a gain of 18%, and were divided as follows: Canada—\$2,657,000, up 16%; Great Britain—\$1,890,000, up 19%; Southern Branches—\$315,000, up 19%.

In addition, new business was produced in California, where we commenced operations in 1967.

Group sales for the year contributed substantially to the overall total, with premiums amounting to \$2,377,000, representing a 36% increase. These new Group premiums were developed from the following sources: Group Life—\$760,000, Group Pension—\$451,000, Group Health—\$1,165,000.

From a volume standpoint, new sales amounted to over \$421 million, of which \$406 million was retained at our own risk. This represents an increase of 45% over the 1966 figure. The gain in business in force of \$271,800,000 is the largest gain in the Company in a single year, bringing the total business in force up to \$2,440,631,000.

It is interesting to note that the average policy sold by the Company increased by another 3%, and now stands at \$12,365; the average premium per sale also increased—by 4%—and now amounts to \$233.62.

During the year many outstanding sales records were established by Company representatives. The Presidency of the top production Club in Canada, the South and U.S.A.—the President's Club—was achieved by Mr. Sam Webber of Toronto Bay Street Branch; the Vice-President is Mr. Norman Cowan of Toronto Bay Street Branch. The Presidency for Great Britain was earned by Mr. D. M. Burnard of Haymarket Branch; the Vice-President is Mr. M. F. Cubitt of Pall Mall Branch.

The Company's leading producer of Individual Life premiums in 1967 was Mr. Sam Webber, Toronto Bay Street Branch. The largest amount of Group premium income for the year was produced by Mr. Jon T. Wilkins of the Ontario Central Region.

The highest managerial award given for sales manpower building in the Company is the New Organization Trophy. This award for Canada, U.S.A. and the South was won by Mr. Charles F. Rooks of the Trinidad Branch. In Great Britain the winner was Mr. B. G. Cook of City Branch.

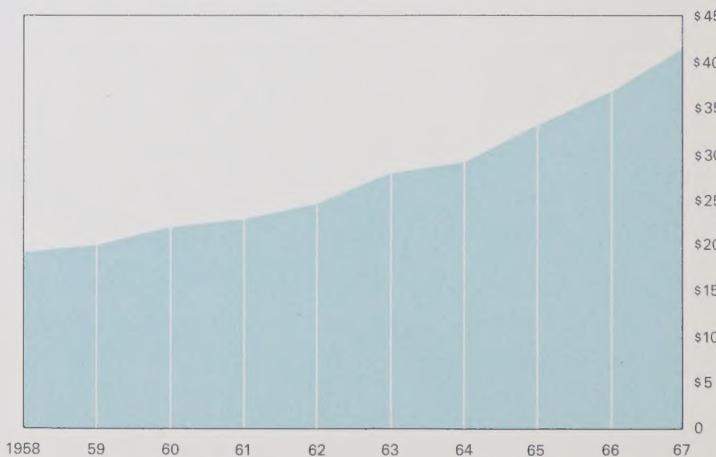
The year 1967 witnessed the continuation of our expansion programme. In Great Britain five new branches were opened in the following centres: Bromley, Brighton, Edinburgh, Leicester and Oxford.

In the U.S.A. four branches commenced business in California. These are located in: San Diego, the Los Angeles area, the San Francisco area and San Jose.

It is anticipated that there will be additional branches

BENEFIT PAYMENTS IN YEAR

including dividends to policyholders (in millions of dollars)



opened during this coming year, particularly as we are now licensed to do business in Michigan and Ohio.

During the year continued emphasis was placed on improving the sales standards of our representatives through completion of educational courses, and it is a pleasure to report that seven additional members of the Company qualified for the Chartered Life Underwriter designation, and that 25 completed the first or second year of the Life Underwriters Association Training Course.

This brief summary of the sales accomplishments for 1967, which have set new records in the history of the Company, would not be complete without the expression of sincere appreciation to those who made it possible—Branch Managers, Sales Representatives, Group Managers, Group Representatives of The Imperial Life in all its areas of operation.



REPORT OF
THE ACTUARIAL
VICE-PRESIDENT,
W. D. PATTERSON

The Company's mortality experience on individual policies in 1967 was favourable, the strain being less than the amount forecast. Claims on bonus additions and accidental death benefits in particular were low. The experience on Group policies also was below the level forecast for the year.

For Group Health Insurance policies the improvement in expenses more than offset the slight increase in claims. Reserves to meet future claims were increased substantially because of the increased volume of business. The overall result for the year was a gain in surplus to which both the underwriting and the investment components contributed. Personal Health Insurance policies also produced a profit.

Satisfactory morbidity under Personal Health Insurance contracts has been recognized in lower premiums for new Income Replacement policies in Canada and Great Britain. Sales on the Company's recently introduced

participating and non-participating Centennial Whole Life policies, Term policies and Pension Trust policies were largely responsible for the new production record.

The continued improvement in investment earnings again formed the basis for an increase in the dividend scale for participating policies. Dividends to be paid on policies in 1968 are expected to be in excess of \$7,100,000. The increase in outlay, which reflects both the change in scale and the increased volume of business which will participate, will be approximately \$400,000.

The rates at which dividends and the proceeds of policies left on deposit will accumulate and the rates at which bonuses will be declared on prior bonus additions have been increased again. The effective rates of interest applied under these arrangements vary according to the currencies applicable under each contract and in each case rank among the highest being used by life insurance companies.

After taking into account the amount needed in 1968 to meet the increased dividends to policyholders and the amounts required for the Company's development programmes, the contribution to the general surplus funds of the Company was very satisfactory.



REPORT OF
THE FINANCIAL
VICE-PRESIDENT,
R. A. PERIGOE

Again we are pleased to report a good growth in Company assets. The amount of the increase in 1967 was \$22,260,000 compared with an increase in 1966 of \$22,783,000.

Bonds and debentures increased \$9,541,000 and now total \$167,930,000. Of the increase, \$6,560,000 was in the government category. Stocks now total \$45,592,000 which is an increase in the year of \$3,238,000 and are 10.3% of total invested assets. Mortgages decreased by \$2,371,000 and amount to \$180,106,000 which is 40.5% of invested assets.

Separate asset funds increased \$2,384,000 during the year.

During 1967 we disbursed \$16,581,000 in new mortgage funds. Capital repayments on mortgages together with the transfer of the mortgage investment in the Home Office building to Real Estate Owned accounted for the decrease mentioned above. Our mortgage collections continue at an excellent level. Monthly payments in arrears for 30 days or longer on 10,338 mortgage accounts are less than 1/100 of 1% of the mortgage investment.

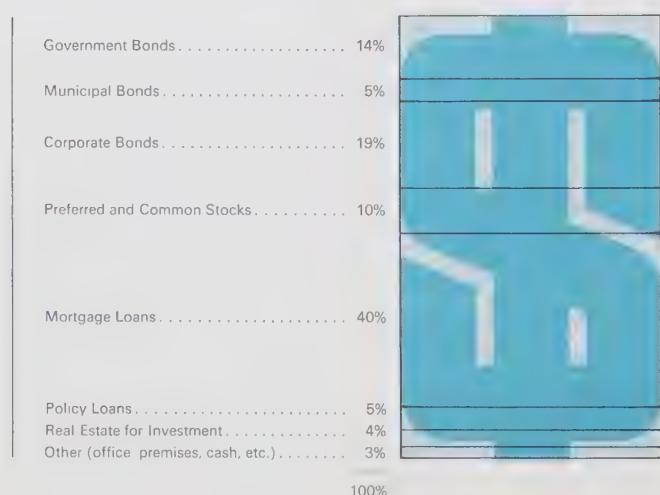
There was an improvement in our net earned interest rate to 6.02%. The new withholding tax in the United States on securities held in our free account was a factor inhibiting the increase in our net earned rate. The costs incurred in the construction and acquisition of our Home Office building on St. Clair Avenue West, Toronto, were additional factors, having a similar short term effect, but which will produce favourable results in the future.

During the year we complied with terms of the Trinidad Insurance Act by setting up the required Statutory Fund.

In Great Britain, we made changes in our investment portfolio to meet the changing conditions there.

We are glad to report that market prices of our securities as quoted by the government produce a higher value than the aggregate at which the same securities are carried on our books.

HOW INVESTED ASSETS ARE DIVERSIFIED



1967 was a successful yet difficult year from an investment point of view. There was a worsening of the U.S. balance of payments during the year. Great Britain had a similar experience which culminated in the devaluation of sterling in November of 1967. Quite a number of other countries were forced to devalue their currencies at the same time among which were Jamaica and Trinidad, where we carry on business.

In Canada, one of the longest periods of sustained business expansion in its history began to moderate in 1966. As spending and output declined into 1967, the government relaxed its restraints and stepped up its rate of spending. This produced an inflationary climate and by the year end Canada was experiencing a 5% rate of inflation and an 8% annual advance in wages. In December 1967, the government imposed a 5% surcharge on personal taxes to begin January 1, 1968. There were other taxes imposed and these restraints are expected to moderate Canada's real economic growth during 1968 to about 4%.

At the end of the year, we had in excess of \$9 million in short term securities and cash. We are confident that this position will prove to be advantageous as reinvestments are made at the presently prevailing high rates of interest.



REPORT OF THE ADMINISTRATIVE VICE-PRESIDENT, J. C. SMITH

1967 marked a milestone in the history of The Imperial Life with the moving of our Head Office from the 20 Victoria Street building in downtown Toronto, where the first section was constructed in 1912, to the very attractive new premises at 95 St. Clair Avenue West, which the Company now owns.

It had been evident for some time that larger quarters, designed to meet our specific needs, were required to accommodate the future demands of a growing business. The Company is initially occupying the first nine

floors and the basement or service floor, and the remainder of the building is fully rented.

To add to the beauty of the building a bronze sculpture is planned for the forecourt. It is being executed by John Fillion, 34-year-old Toronto sculptor, and winner of a closed competition conducted by the Company as a Centennial project. It represents a reclining figure 8½ feet in height and will, we feel, be an important contribution to the area.

The Company is retaining ownership of the buildings formerly occupied on Victoria Street and a programme of modernization of space and elevators is under way.

While an accurate indication of continued growth and progress, the facts and figures presented in this report tell only part of the story of The Imperial Life. The remaining part of the story can only be told in terms of Company personnel—our most important asset.

At the end of 1967 the Imperial Life office staff numbered 1,048. Of this number, 582 are employed in the Head Office, 160 in the Company's Chief Office in Great Britain and 306 in the branch offices in Canada, Great Britain, the United States and the South.

The large proportion of these people who have spent their entire business careers with the Company is especially significant since our ability to meet competition and continue our profitable growth depends heavily upon the dedication and skills of our large number of experienced personnel.

The 1967 termination rate of staff, excluding Officers and Supervisors, although higher than the rate for the preceding year, continues to compare favourably with the industry. Turnover was heaviest in the beginner level jobs where a substantially higher number left us for further education.

As the volume and ramifications of our business continue to grow, the importance of electronic data processing to our work increases. In November 1967 a data cell drive capable of accommodating 400 million characters of information was installed to supplement our I.B.M. 360 Model 40 Computer. The data cell is a "direct access" storage device with the ability to provide immediate information on any of the 250,000 individual life policies stored in our electronic files.

As with most companies making the transition to full electronic processing, The Imperial Life is encountering complexities. Initial problems are being overcome with our training and development of people with the specialized knowledge required to reap the benefits of the speed, efficiency, economy and capacity of a computer-oriented system.



It will be apparent, from the reports of the operating Vice-Presidents, that 1967 was a year of exceptionally great progress for the Company. The amount of new business written was by a wide margin the largest in the Company's history, and the number of new branches established during the year substantially exceeded the Company's objectives under its expansion and development programme.

The completion of the new Home Office building, and further substantial progress in the development of more advanced data processing and management techniques during the year were additional achievements of importance that will contribute significantly to the Company's continued progress.

The financial results for the year were good.

ASSETS assuring fulfilment of obligations

1917	\$14,283,845	\$45,242,681	\$83,933,961	\$146,559,352	\$243,100,921	\$453,080,434
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The satisfactory rate of growth in surplus funds was maintained.

Premium income amounted to \$52,677,000, an increase of 7½% over the preceding year and investment income increased by 6% to \$25,137,000.

The rate of growth in Policyholders' Funds on Deposit improved during the year. Withdrawals which had been high last year returned to a normal level and there was an increase in the amount of new funds left on deposit.

While claims rates were quite satisfactory, benefit payments under Life and Health insurance contracts increased by 11%. This resulted partially from a greater volume of Health Insurance claim payments due to substantial growth in the amount of Health Insurance in force. In addition, there was a non-recurring item of \$750,000 representing payment of policy values which had been left with the Company pending clarification of our liability with respect to Cuban policyholders no longer resident in that country. The remaining liability in this respect is now nominal.

The level of expenses was higher than normal during the past year. The increase in this item includes funds invested for the future under the Company's expansion and development programme. The exceptionally high volume of new business placed on the Company's books during the year was also a factor exerting upward pressure on the expense ratios. However, the effect here was modified considerably by the corresponding substantial increase in premium income.

The rate of growth in assets was affected by the higher level of benefit payments and expenses. As previously mentioned, there were a number of non-recurring items involved and the rate of growth in assets had in fact strengthened appreciably at the year end.

The effects of devaluation of sterling currencies on the Balance Sheet were relatively small. New rates of exchange will be reflected in the Company's accounts for 1968 and subsequent years. The use of current rates of exchange would have reduced the insurance in force by \$30,718,000. The effect on Balance Sheet figures is shown in the footnote.

The Financial Vice-President has referred to the changes which were effective during the year in the Company's portfolio of investments. A strong liquid position has been established to meet any increased demands which may arise under the Company's contracts in the economic conditions which prevail. The favourable liquid position will also enable the Company to take advantage of attractive investment opportunities as they arise.

The year 1967 has been a year of solid progress for the Company in all aspects of its operations. The increases in financial strength that have been achieved during the year have been matched by substantial additions to the talents and resources of the many people in many lands who are members of The Imperial Life organization. Taken together they provide a strong base for the Company's continued advancement in the future.



**REPORT OF
THE CHAIRMAN OF THE
BOARD AND
CHIEF EXECUTIVE OFFICER,
A. ROSS POYNTZ**

1967 could not be termed a normal year for the Company nor for the economies of the countries in which we operate.

The reports of the other Officers reveal that the Company had a successful and eventful year. The complexities of the business environment and the special projects undertaken by the Company stimulated its members to cope well with the unusual activities, while performing their accustomed roles with marked success.

The business environment was notable for rising costs, lagging productivity, narrowed profit margins, stringent credit conditions, very high interest rates, disenchantment with fixed interest and fixed dollar investments, obsession with equity situations. This could not be considered the most favourable environment for the sale of traditional life insurance and pension contracts. The more so this is true with the added factor of the extension of government activity into the security and welfare fields. However, our confidence in the essentiality of our own product and services was strengthened by the

achievement of record sales in all our geographical spheres, where conditions were, to a large degree, similar.

The vigorous growth and development of Canadian life insurance companies has been rooted in prudent financial management, well organized sales forces and sound legislation. These factors combined with the literally unique features of the life insurance contract have produced an industry that has brought strength to Canada, and is capable of competing successfully in free world markets. The life insurance system is essential to personal financial security, it has proved its worth and integrity, and yet it requires incessant selling. It is a system, highly desirable from human and economic considerations, which would never have flourished without well developed sales organizations.

It is said that most business organizations are product-oriented rather than market-oriented. The major effort of management in many types of business enterprise has been to improve the product, or the service, without really finding out if they are producing what the customers want. The lure of the long production run, or the ambition to do better than which is already being done, has produced lower unit costs, better quality products, better service. The growth of the economy and aggressive selling have moved the product or sold the service. But often the true wants of the customer have not been studied in advance to see if expansion has been in the right direction.

Our confidence in the life insurance contract, with its unique power to solve problems, should not be allowed to make us myopic. We know that the success of our industry has been achieved in spite of a defensive attitude among our clients that must be overcome by the sound logic of good salesmanship. We know that the attitude of the client is not so defensive when other types of financial planning and action are contemplated. Our conviction of the soundness and good purpose of our service should not blind us to the need to know more about our potential policyholders' attitudes and preferences. There may be ways of providing personal financial security, more in tune with the desires of at least a section of our potential clients, by modifications of our traditional products. The modi-

fications should always be based on the capacity, which life insurance companies alone have, to assume the risks of life contingencies.

There has been a continuous project of product and service improvement in our Company as in others. In our forward planning, however, this project will be wider ranging.

One substantial obstacle to forward planning exists now in the uncertainty surrounding proposed tax reform. The Royal Commission on Taxation, in its report released last spring, recommended that additional tax revenues should be obtained from the life insurance companies. And it seemed that a heavier tax impost of this kind would be politically popular. The very large financial resources of the life insurance companies appeared to be a lucrative field for the production of more tax revenue. If one keeps in mind that the relatively small shareholder interest is now fully taxed, it should be obvious that any additional tax burden would fall directly on the policyholders. It is as simple as that. There are 11 million policyholders, most of them voters. A new tax load falling on this group should be the opposite of politically popular.

It is to be hoped that the uncertainty of tax reform in this field will soon be removed, and in a way which recognizes where the tax will fall. Quite apart from political considerations, which all too often seem to be paramount, recognition must be given to the flow of savings and investment, in which the life insurance companies are such a dominant and constructive force.

INCOME IN YEAR FROM PREMIUMS, NET INTEREST,
DIVIDENDS AND RENT



OFFICERS

A. ROSS POYNTZ, F.C.I.A., *Chairman of the Board and Chief Executive Officer*

G. KINGSLEY FOX, F.C.I.A., *President*

PAUL G. DESMARAIS, *Vice-President and Chairman of the Executive Committee of the Board*

CLIFFORD T. HACKETT
Vice-President and General Manager for Great Britain

MILTON R. HAMILTON
Agency Vice-President

W. DONALD PATTERSON, F.C.I.A.
Actuarial Vice-President

FRED R. COLQUHOUN, F.C.I.A.
Actuary

ROSS A. PERIGOE, C.A.
Financial Vice-President

JOHN C. SMITH
Administrative Vice-President

A. ROSS MacDONALD, F.C.I.A.
Executive Officer—Group Insurance

JAMES C. EMMETT, M.D.
Medical Director

A. S. LeMESURIER
General Counsel and Secretary

J. B. PURDY, C.F.A.
Executive Officer—Securities

CHESTER D. BEATTY, F.C.I.A.
Group Actuary

WALLACE R. JOYCE, F.C.I.A.
Associate Actuary

WILLIAM G. MUNRO, F.L.M.I.
Assistant to the Administrative Vice-President

LEONARD W. BUTT
Superintendent of Group Sales

ROBERT G. LEWTHWAITE, C.L.U.
Superintendent of Conservation

FRANK D. MURDOCH, F.L.M.I.
Personnel Administrative Officer

KENNETH M. CAMPBELL
Accounting Administrative Officer

J. DONALD McFARLANE, F.C.I.A.
Underwriting Administrative Officer

JOHN B. SILVESTER, F.L.M.I.
Agency Administrative Officer

T. GEORGE CLINTON
Superintendent of Agency Operations

JOHN H. McMEEKIN, C.F.A.
Associate Treasurer

WILLIAM L. STANLEY
Superintendent of Agency Development

W. D'ARCY DOLAN
Public Relations Officer

DAVID M. MILLYARD, F.C.I.A.
Data Processing Officer

GRANT D. SYLVESTER, C.L.U.
Superintendent of Agency Operations

HAROLD E. HUDSON
Planning Administrative Officer

ERNEST B. VANDINE, C.L.U.
Superintendent of Sales Development

WILLIAM WILTSHIRE
Premises Administrative Officer

E. HAROLD WYKES
Associate General Counsel

D. WALLACE BARR
Premises Officer

F. MURRAY HALL, M.D.
Assistant Medical Director

MISS MARY T. MEGAFFIN
Personnel Officer

EDWARD H. BLACHFORD
Assistant Secretary

ROSS A. HAMLIN, F.L.M.I.
Assistant Treasurer

THOMAS A. MILBURN, F.C.I.A.
Electronics Development Officer

D. LORNE BLECKER, F.C.I.A.
Assistant Actuary

ROBERT J. HARRIS
Assistant Secretary

W. DOUGLAS MILLER, C.A.
Assistant Treasurer

FREDERICK R. BROOKS
Data Systems Officer

WILLIAM J. HILL, F.L.M.I.
Personnel and Training Officer

JOHN D. OGDEN, ASSOC. C.L.U.
Assistant Superintendent of Marketing

DONALD BURNS
Assistant Superintendent of Training

GORDON H. JOHNSON, C.A.
Assistant Comptroller

J. LAWRIE THOMSON, F.L.M.I.
Assistant Secretary

W. DALE COSBURN, F.C.I.A.
Assistant Actuary

ARTHUR B. LANE, F.L.M.I.
Assistant Secretary

HARTLEY E. WALDON, F.L.M.I.
Chief Cashier

JOHN A. B. CUDDY
Chief Auditor

DONALD B. MACKAY, C.L.U.
Assistant Superintendent of Agency Operations

MISS MARION E. WILLIAMS, F.L.M.I.
Underwriting Officer

J. IVAN DEATH
Assistant Data Processing Officer

ALAN D. McCONNELL
Assistant Secretary

GEORGE C. WILSON, C.A.
Assistant Comptroller

IN GREAT BRITAIN

CLIFFORD T. HACKETT, *Vice-President and General Manager for Great Britain*

JOHN A. KEMPTON
Resident Director of Agencies

G. LAWTON
Superintendent of Agency Development

E. A. PERCIVAL
Resident Secretary

G. K. C. RETTIE, M.D.
Medical Officer

J. NIGEL SCOTT, F.I.A.
Resident Actuary

C. W. WARD
Superintendent of Agencies

MISS E. F. HOGG
Personnel Officer

A. F. HOPPER
Special Projects Officer

D. G. PETERS, A.C.I.I.
Resident Accountant

M. C. SPILLMAN
Assistant Superintendent of Agencies

R. H. A. WAIN
Investment Officer

R. E. WILLIAMS, M.R.C.P.
Assistant Medical Officer

PRINCIPAL IMPERIAL LIFE OFFICES

Head Office—95 St. Clair Avenue West, Toronto 7, Canada

BRANCH OFFICES IN CANADA

BARRIE, ONT.	- - - - -	Dunlop and Owen Streets	- - - - -	G. B. Wilson, C.L.U.
BRANDON, MAN.	- - - - -	110 Tenth Street	- - - - -	R. E. McCullough, C.L.U.
CALGARY, ALTA.	- - - - -	444 Seventh Avenue S.W.	- - - - -	R. D. McCorquodale
CALGARY, ALTA.	- - - - -	805 Eighth Avenue S.W.	- - - - -	J. A. LaBarre
CHARLOTTETOWN, P.E.I.	- - - - -	149 Great George Street	- - - - -	
EDMONTON, ALTA.	- - - - -	10350 124th Street	- - - - -	C. C. Kuhnke
EDMONTON, ALTA.	- - - - -	One Thornton Court	- - - - -	R. N. Fox
HALIFAX, N.S.	- - - - -	1535 Dresden Row	- - - - -	C. W. P. Crookshank
HAMILTON, ONT.	- - - - -	15 King Street W.	- - - - -	J. J. Shields
KINGSTON, ONT.	- - - - -	295 Brock Street	- - - - -	J. M. Ferguson, C.L.U.
KITCHENER, ONT.	- - - - -	305 King Street W.	- - - - -	J. B. Glover, C.L.U.
LONDON, ONT.	- - - - -	291 Dundas Street	- - - - -	M. P. Hughes, C.L.U.
MONTREAL, P.Q.	- - - - -	612 St. James Street W.	- - - - -	J. B. Kane, C.L.U.
MONTREAL, P.Q.	- - - - -	625 Dorchester Boulevard W.	- - - - -	E. W. Tobin, C.L.U.
MONTREAL, P.Q.	- - - - -	2055 Peel Street	- - - - -	F. E. Murphy, C.L.U.
MONTREAL, P.Q.	- - - - -	50 Cremazie Boulevard	- - - - -	E. Stewart-Normans
MONTREAL, P.Q.	- - - - -	625 Dorchester Boulevard W.	- - - - -	Ian Macaulay, C.L.U.
MONTREAL, P.Q.	- - - - -	625 Dorchester Boulevard W.	- - - - -	H. K. Kay
NORTH BAY, ONT.	- - - - -	359 Fraser Street	- - - - -	J. H. Mitchell, C.L.U.
OTTAWA, ONT.	- - - - -	215 McLeod Street	- - - - -	L. C. Pelle
PENTICTON, B.C.	- - - - -	304 Martin Street	- - - - -	W. H. Gerwing
PETERBOROUGH, ONT.	- - - - -	177 Charlotte Street	- - - - -	H. W. Killam
PORT ARTHUR, ONT.	- - - - -	8A Cumberland Street N.	- - - - -	J. C. Vandergrift
QUEBEC, P.Q.	- - - - -	350 Boulevard Charest E.	- - - - -	C. S. Gourdeau, C.L.U.
REGINA, SASK.	- - - - -	2002 Victoria Avenue	- - - - -	W. H. Kamineski
ST. CATHARINES, ONT.	- - - - -	40 Queen Street	- - - - -	W. A. Teeter
SAINT JOHN, N.B.	- - - - -	133 Prince William Street	- - - - -	C. B. Mosher
ST. JOHN'S, NFLD.	- - - - -	351 Water Street	- - - - -	C. V. LeMessurier
SASKATOON, SASK.	- - - - -	Twenty-First Street and First Avenue	-	W. J. Franz, C.L.U.
SHERBROOKE, P.Q.	- - - - -	1845 King Street	- - - - -	E. G. Pare
TORONTO, ONT.	- - - - -	11 Adelaide Street W.	- - - - -	C. K. Swartz, C.L.U.
TORONTO, ONT.	- - - - -	44 Victoria Street	- - - - -	L. R. Franklin, C.L.U.
TORONTO, ONT.	- - - - -	130 Bloor Street W.	- - - - -	J. H. Doyle
TORONTO, ONT.	- - - - -	4800 Dundas Street W.	- - - - -	A. F. Penny
TORONTO, ONT.	- - - - -	191 Eglinton Avenue E.	- - - - -	R. C. E. Leary, C.L.U.
VANCOUVER, B.C.	- - - - -	455 Granville Street	- - - - -	J. A. C. MacIntosh, C.L.U.
VANCOUVER, B.C.	- - - - -	1093 West Broadway	- - - - -	A. S. Fenerty, C.L.U.
VICTORIA, B.C.	- - - - -	609 Broughton Street	- - - - -	D. A. B. Hall
WINDSOR, ONT.	- - - - -	374 Ouellette Avenue	- - - - -	J. M. Kane
WINNIPEG, MAN.	- - - - -	360 Broadway Avenue	- - - - -	H. C. Fardy, C.L.U.

GROUP OFFICES IN CANADA

CENTRAL CANADA REGION - - - - -	95 St. Clair Avenue W., Toronto, Ont.	D. R. Eadie
MONTRÉAL METROPOLITAN REGION -	625 Dorchester Boulevard W., - - -	G. Prendergast Montreal, P.Q.
QUEBEC-OTTAWA REGION - - - - -	625 Dorchester Boulevard W., - - -	R. A. Gagnon Montreal, P.Q.
ONTARIO CENTRAL REGION - - - - -	95 St. Clair Avenue W., - - - - -	G. J. Hunter, C.L.U. Toronto, Ont.
WESTERN CANADA REGION - - - - -	455 Granville Street, Vancouver, B.C. -	D. D. Kennedy

MORTGAGE OFFICES IN CANADA

CALGARY, ALTA. - - - - -	444 Seventh Avenue S.W. - - - - -	R. R. Rowland
HAMILTON, ONT. - - - - -	15 King Street W. - - - - -	D. D. Williamson
KITCHENER, ONT. - - - - -	305 King Street W. - - - - -	F. W. Coffin
MONTRÉAL, P.Q. - - - - -	625 Dorchester Boulevard W. - - - -	R. Cusson
OTTAWA, ONT. - - - - -	215 McLeod Street - - - - -	J. H. Legate
QUEBEC, P.Q. - - - - -	350 Boulevard Charest E. - - - - -	J. Castonguay
TORONTO, ONT. - - - - -	95 St. Clair Avenue W. - - - - -	B. G. Saunders, S.R.E.A.
VANCOUVER, B.C. - - - - -	455 Granville Street - - - - -	M. A. Huel
WINNIPEG, MAN. - - - - -	360 Broadway Avenue - - - - -	H. Taylor

BRANCH OFFICES IN U.S.A.

LOS ANGELES SOUTH - - - - -	777 South Main Street, Orange, California	J. N. Rodgers, C.L.U.
SAN DIEGO - - - - -	2550 Fifth Avenue, San Diego, California	J. L. Simpson
SAN FRANCISCO EAST - - - - -	1615 Bonanza Street, Walnut Creek, California	R. E. Ewart
SAN JOSE - - - - -	675 North First Street, San Jose, California	R. F. Baxter
DETROIT - - - - -	(to be opened in Michigan in 1968) -	R. R. Gaunt
FLINT-SAGINAW - - - - -	(to be opened in Michigan in 1968) -	J. A. Vierheilig

OFFICES IN GREAT BRITAIN

The Chief Office for Great Britain is located at Portland House, Stag Place, London, S.W.1.

There are 27 branch offices in

LONDON, BIRMINGHAM, BRISTOL, BROMLEY, CARDIFF, CROYDON, EDINBURGH, HOVE,
KINGSTON-ON-THAMES, LEEDS, LEICESTER, LIVERPOOL, MANCHESTER, NORTHAMPTON,
NOTTINGHAM, OXFORD, PLYMOUTH, SOUTHAMPTON, ST. ALBANS AND WEMBLEY.

OTHER OFFICES

KINGSTON, JAMAICA - - - - -	4 Duke Street - - - - -	D. Holland
NASSAU, BAHAMAS - - - - -	Debian House, Collins Avenue - - -	J. W. Pinder
PORT-OF-SPAIN, TRINIDAD - - - - -	12 Abercromby Street - - - - -	C. F. C. Rooks

The Annual Meeting of the Company is held at 2.30 p.m. on the third Wednesday in March. Each person who has contracted for and holds a participating policy may attend and vote in person or by proxy at meetings of the Company. Proxy forms may be obtained on written request to the Secretary.



